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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

BSM3114– MANAGEMENT OF STRATEGY

17 OCTOBER 2015
9:00AM – 11:00PM
(2 HOURS)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 3 pages with 2 Sections only.
2. **Section A : ONE (1) Case Study.** Attempt ALL questions.
Section B : Choose any THREE (3) Structure Questions out of FOUR.
3. Please write all your answers Answer Booklet provided.

SECTION A: Case Study (40 Marks)**Answer All Questions.****QUESTION 1**

Amazon has been an established online retail leader ever since its inception in the mid-90s. It has differentiated itself from competitors such as eBay and other online book retailers such as Borders, Chapters and Indigo, by offering its retail platform to third party sellers and merchants while offering integrated reviews and referrals to capture customers. Since then, it has also expanded to technology service offerings and digital content retail. Amazon has historically acquired, invested and partnered with businesses aligned with their current and near-term expansions, while reinvesting profits into long-term expansion in new markets and innovative research. With increased competition in digital content and cloud services from Microsoft, Google and Apple, Amazon [...] focuses on producing great service and innovative platforms, while maintaining and improving its physical, intellectual, human and financial resources. Amazon maintains a negative operating cycle i.e. its inventory turnover is about half the time required to pay its suppliers (22 days vs. 45 days respectively). By maintaining large customer bases, enabling economies of scale and scope (via mutually supportive business offerings – e.g. retail platforms running on the Amazon Web Services (AWS) cloud) and spending little on outside marketing efforts (i.e. via organic, web-oriented advertising), Amazon is able to remain a leader in the online retail market. It provides various value propositions such as a convenient one stop shopping experience to its customers. Initiatives like Kindle and Amazon Prime are used to generate advertisements and further boost its digital market. It prides on excellent customer service, even when an Amazon sale transaction lacks the familiar sense of a normal shopping experience. A peer review system, easy checkouts, user-tailored suggested products and services etc., have aided in making Amazon one of the best customer-rated online retailers. Via promotions and word of mouth advertising, behaviour tracking of segments and wide product and resale offerings that ensure high spending convenience and brand loyal customers, Amazon brings world-class service to the online market.

Source: http://www.amgimanagement.com/founder/ProjectSummaries/APS1012_2013_spring_03_Amazon%20business%20model%20case%20study.pdf

- (a) Analyse the **FOUR** (4) criteria that should be used to determine whether an organisation's capabilities are core competencies and can be a sources of competitive advantage. (20 marks)
- (b) Evaluate **FIVE** (5) of Amazon's core competences that have enabled the organisation to maintain its successful position in the online retail industry. (20 marks)
- (Total : 40 Marks)

CONTINUED.....

SECTION B: Structure Questions (60 Marks)

Choose any **THREE (3)** questions.

QUESTION 1

- (a) Downsizing and down scoping are just two types of restructuring strategies available to an organisation. Demonstrate your understanding of the two, along with a discussion on their potential short-term and long-term outcomes.

(12 marks)

- (b) Explain why some organization chose to outsource their activities. Discuss **THREE (3)** disadvantages that organizations should be aware off in outsourcing.

(8 marks)

(Total : 20 Marks)

QUESTION 2

Being a “good” business is not seen just as a route for increasing shareholder value. It is seen as an intrinsic good. The most successful businesses are unwavering in embedding their purpose within the organisation, including explicitly aligning the interests and priorities of management, boards, and shareholders with that identity. This allows them to align corporate behaviours visibly and consistently with their purpose at every level of the organisation. When a culture is built on an ethical framework of principles, convictions, and norms, rather than rules, the right tone can be set not only from the top, but also from the middle and bottom. Employees are empowered to make decisions about trade-offs at critical moments. This core company identity is stable, because it is grounded in what the company does every day.

Sources : Available at: <http://www.strategy-business.com/article/00253?pg=all>

Select **FIVE (5)** ways a strategic leader can establish and emphasise ethical practices in an organisation.

(20 marks)

(Total : 20 MARKS)

CONTINUED.....

QUESTION 3

Under Armour, is an established firm in Sports Apparel Industry and known as leading in technology provides unique sports attire materials and this firm adopt 'Differentiation' Business Level strategy.

Based on this information given, discuss how the Under Armour can successfully position itself in terms of the Porter Five Forces?

(Total : 20 Marks)

QUESTION 4

When Microsoft announced that it would acquire Skype Global S.A.R.L., the leading Internet telecommunications company for \$8.5 billion, there were both positive and negative attributions about the deal in the media.

Discuss the **THREE** (3) advantages and **TWO** (2) disadvantages of the acquisition strategy face by Microsoft and Skype.

(Total : 20 Marks)

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